



ESPO FINANCE AND AUDIT SUBCOMMITTEE – 16 NOVEMBER 2015

REVIEW OF THE FREQUENCY OF FINANCE AND AUDIT SUBCOMMITTEE MEETINGS

REPORT OF THE CONSORTIUM SECRETARY

Purpose of Report

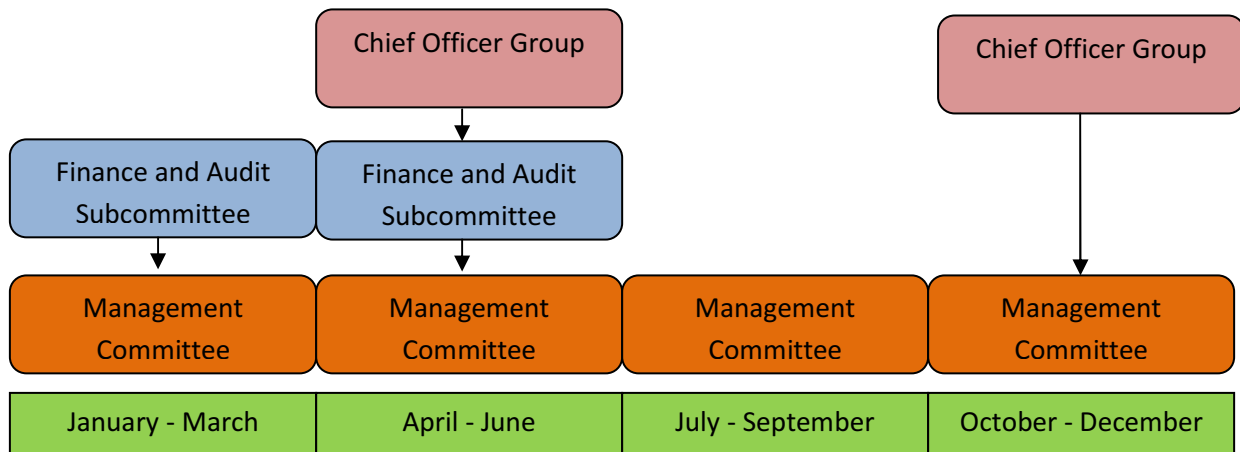
1. The purpose of this update is to review the need for and the frequency of meetings of the Finance and Audit Subcommittee.

Background

2. The Finance and Audit Subcommittee was established in June 2012 as part of a wider effort to ensure that robust governance and monitoring arrangements were developed and implemented.
3. At present the Finance and Audit Subcommittee meets on a quarterly basis, usually a few weeks before the Management Committee meeting. In accordance with the Terms of Reference, the Subcommittee is currently responsible for:-
 - Developing a better understanding of the financial planning process undertaken by ESPO;
 - Supporting the financial planning process by reviewing draft financial plans for consideration at Management Committee;
 - Contributing to the setting of financial performance targets and monitoring of efficiencies;
 - The receiving and reviewing of regular reports on budget and performance monitoring;
 - To receive and review audit and governance reports.
4. At its meeting on 8 September 2015, members of the Finance and Audit Subcommittee requested that the current cycle of quarterly Subcommittee meetings be reviewed, with the intention of reducing this to two meetings per annum.
5. The proposal to reduce the number of Subcommittee meetings also reflects the view of members that as an organisation, ESPO is in a significantly better position than when these governance arrangements were originally conceived, and a reduction in the frequency of meetings would also assist the member authorities at a time when resources are stretched.

Proposal

6. If the Management Committee agrees the recommendation to reduce the number of Finance and Audit Subcommittee meetings to two per year, it is suggested that the remaining meetings should take place to coincide with key financial dates in the accounting diary, viz. a meeting in January/February to consider the draft Medium Term Financial Strategy and budget for the next financial year, and a meeting in May/June to consider the draft outturn and accounts for the previous financial year.
7. The Head of the Internal Audit Service would continue to submit quarterly progress reports against the internal audit plan for consideration by the Consortium Treasurer and Director. Where any issues of concern had been identified, members of the Finance and Audit Subcommittee would be informed.
8. If these proposals were implemented, the flow chart below summarises in broad terms the potential cycle of ESPO meetings during a typical year:



9. The above chart does not reflect the fact that the Director of ESPO and members of the Management Team meet regularly with members of the Consortium Authorities to brief them at an early stage of developments/issues as well as talk about issues and potential developments that Consortium members might wish ESPO to assist with.
10. As per the Consortium Agreement, members of the Subcommittee, or the Chair of the Management Committee, would be able to request an extraordinary meeting of the Subcommittee should any significant financial or audit event occur.

Timetable for decisions

11. The Finance and Audit Subcommittee will be consulted on these proposals at its meeting on 16 November 2015 before seeking approval from the

Management Committee on 4 December 2015. Subject to Management Committee approval the new meeting cycle will be implemented in 2016.

Legal Implications

12. The County Solicitor has been consulted on the content of this report. No amendments to the Consortium Agreement for ESPO would be required as a result of these proposals.

Resource Implications

13. If the proposals outlined in this report are agreed by the Management Committee, this would have a positive impact on resources for ESPO and its member authorities without affecting the necessary oversight required.

Recommendation

The Subcommittee is requested to comment on and note the contents of this report.

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